

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3568-01
Bill No.: HB 1506
Subject: Aircraft and Airports; Transportation Dept.
Type: Original
Date: March 12, 2002

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON STATE FUNDS | | | |
|---|------------|---------------|---------------|
| FUND AFFECTED | FY 2003 | FY 2004 | FY 2005 |
| General Revenue | \$0 | (\$2,550,000) | (\$5,100,000) |
| Aviation Trust | \$0 | \$2,550,000 | \$5,100,000 |
| Total Estimated Net Effect on <u>All</u> State Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2003 | FY 2004 | FY 2005 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2003 | FY 2004 | FY 2005 |
| Local Government | Unknown | Unknown | Unknown |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Revenue (DOR), Department of Economic Development – Division of Motor Carrier and Railroad Safety (MCRS), Office of the State Treasurer (STO)** assume the proposal will have no fiscal impact to their agency.

Officials with the **Department of Transportation (MoDOT)** assume that based upon information received from airport personnel, MoDOT estimates that removing the \$5 million limit on collections of jet fuel taxes could generate an additional \$9 million per year indefinitely that could be used for airport construction and improvements. This amount is in addition to the amount currently collected. However, this estimate is not based upon any empirical data.

Officials with the **Office of Administration – Budget and Planning** assume this proposal removes the sunset on the transfer of sales and use tax on jet fuel to the Aviation Trust Fund and the cap that limits the transfer to \$5 million annually. If the sunset was not removed this money would go to General Revenue (GR) starting on 1/1/04. In calendar years (CY) 2000 and 2001 sales and use tax on jet fuel was \$5.1 million annually. If the sunset was not removed, GR would receive \$2,55 million in fiscal year (FY) 04 for the collections in the first half of CY 04, and \$5.1 million in FY 05. Removing the sunset is a loss to GR and a gain to the Aviation Trust Fund.

Oversight assumes that Local Governments would realize cost savings of matching dollars due the proposal reducing matching percentages from 20% to 10%. However the amount of savings is not known.

| <u>FISCAL IMPACT - State Government</u> | FY 2003 (10 Mo.) | FY 2004 | FY 2005 |
|---|---------------------|---------|---------|
|---|---------------------|---------|---------|

GENERAL REVENUE FUND

| | | | |
|---------------------|------------|----------------------|----------------------|
| <u>Loss</u> – MoDOT | | | |
| Aviation Fuel Tax | <u>\$0</u> | <u>(\$2,550,000)</u> | <u>(\$5,100,000)</u> |

| | | | |
|---|-------------------|-----------------------------|-----------------------------|
| ESTIMATED NET EFFECT TO GENERAL REVENUE FUND | <u>\$0</u> | <u>(\$2,550,000)</u> | <u>(\$5,100,000)</u> |
|---|-------------------|-----------------------------|-----------------------------|

AVIATION TRUST FUND

| | | | |
|------------------------|------------|--------------------|--------------------|
| <u>Revenue</u> – MoDOT | | | |
| Aviation Fuel Tax | <u>\$0</u> | <u>\$2,550,000</u> | <u>\$5,100,000</u> |

| <u>FISCAL IMPACT - State Government</u> | FY 2003 (10 Mo.) | FY 2004 | FY 2005 |
|--|---------------------|---------------------------|---------------------------|
| ESTIMATED NET EFFECT TO AVIATION TRUST FUND | <u>\$0</u> | <u>\$2,550,000</u> | <u>\$5,100,000</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2003 (10 Mo.) | FY 2004 | FY 2005 |
|--|-----------------------|-----------------------|-----------------------|
| <u>Savings – Decreased Match Percentage</u> | <u>Unknown</u> | <u>Unknown</u> | <u>Unknown</u> |
| ESTIMATED NET EFFECT TO LOCAL FUNDS | <u>Unknown</u> | <u>Unknown</u> | <u>Unknown</u> |

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

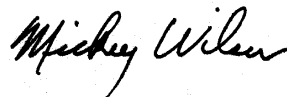
This proposal would remove the cap on the amount of aviation jet tax revenues which may be deposited in the Aviation Trust Fund. Current law only permits \$5 million of the aviation jet fuel tax revenues to be placed in the Fund, annually. The proposal would remove the aviation jet fuel tax from the sunset provision of the law. Thus, only the exemptions would be subject to the sunset. This proposal would also change the formula for matching funds from the Aviation Trust Fund. Under current law, the commission may match state funds at a 80% level and locals at a 20% level. The proposal would change the match to a 90/10 formula.

TECHNICAL CHANGES - The proposal would also modify the language regarding the deposit of unclaimed aviation fuel refunds. The current law states that "If any person fails to apply for a refund as provided in Chapter 142, RSMo, he makes a gift of his refund to the Aviation Trust Fund." The new language states that the refund amount will be deposited in such fund. This proposal would change references to the Missouri Department of Transportation Commission as simply the Commission.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Transportation
Department of Revenue
Department of Economic Development
 Division of Motor Carrier and Railroad Safety
Office of the State Treasurer
Office of Administration
 Division of Budget and Planning



Mickey Wilson, CPA
Acting Director
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